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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

January 23, 2002

The Honorable Hector Barreto
Administrator, Small Business Administration
409 Third Street SW
Washington, DC 20416

Dear Administrator Barreto:

On January 10, the President signed the Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002 (Defense/Supplemental). I write to call your immediate attention to a provision in the conference report accompanying that measure. Specifically, the language directs the SBA to submit a reprogramming request for the HUBZone program.

The HUBZone program is one of my personal priorities, particularly given my role in writing the HUBZone Act of 1997 during my tenure as Chairman of the Senate Small Business Committee. Directing a portion of the Government's contracting dollars to the nation's most distressed areas, creating jobs and incomes in areas currently out of the nation's economic mainstream, is more important than ever in the current economic slowdown.

Accordingly, I was distressed by the omission of HUBZone funding in the regular Commerce-Justice-State Appropriations bill for 2002 (C-J-S). It appears this decision was made behind closed doors by staff who were unaware of the true consequences of such a decision. That is why I sponsored a Defense/Supplemental amendment in the Senate to redirect \$5 million in existing appropriations into the HUBZone program.

The Defense/Supplemental conference committee's final decision on this matter was somewhat different. Instead of clear appropriations language in the bill, the conferees included language directing SBA to submit a reprogramming request. I agreed to this approach because of its mandatory language. Also, this language overcomes conference committee language accompanying the original C-J-S bill that would have barred any expenditures on programs not listed in that committee report (including the HUBZone program).

In addition, the conferees changed the funding level of the HUBZone program from \$5 million to \$2 million, the level appropriated to the HUBZone program in past years. The language suggests flexibility on the amount ("not to exceed \$2 million"), but I wanted to alert the SBA that I will be expecting a reprogramming request of \$2 million. This amount is, in my opinion, the absolute minimum necessary to avoid losing ground in the HUBZone program. After years of very gradual, painstaking development, the HUBZone office has accumulated a body of knowledge and experience that we must retain and build upon in the future.

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Also, I seek your assurance that competing interests at SBA will never be permitted to scavenge the HUBZone program for equipment, office space, or personnel. Indeed, I have directed my staff to ensure that the \$2 million in funds are used exclusively for the HUBZone program, to maintain its existing service levels and to retain the staff and equipment necessary to make that happen.

Thank you in advance for your commitment to a sound and effective HUBZone program. I look forward to reviewing the details of your reprogramming request. If you have questions about this matter, please contact Cordell Smith of my Small Business Committee staff on (202)224-

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive style.

Christopher S. Bond
Ranking Member